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Message Text

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ACTION EUR-25

INFO OCT-01 NEA-10 ADP-00 EA-11 CIAE-00 DODE-00 PM-09 H-02

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-12 AID-20 EB-11 PC-04 OMB-01 TRSE-00 OPIC-12

CIEP-02 COME-00 RSR-01 /164 W
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R 180017 Z MAY 73
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 1280
INFO AMEMBASSY DACCA
AMEMBASSY ISLAMABAD
AMEMBASSY NEW DELHI
AMEMBASSY PARIS

C O N F I D E N T I A L LONDON 05829

E. O. 11652: XGDS-1
TAGS: EAID, IN, UK, US
SUBJECT: POLICY FOR INDIA AID CONSORTIUM MEETING IN JUNE

SUMMARY: AMBASSADOR MOYNIHAN REQUESTS WASHINGTON' S REPLY TO BRITISH SUGGESTION FOR US- UK TALKS ON POLICY LINE TO FOLLOW IN JUNE MEETING OF INDIA AID CONSORTIUM. BRITISH SUGGEST EFFORT WITH JAPANESE AND OTHER EUROPEANS TO EASE INDIA' S BURDEN THROUGH NEW MEASURES SUCH AS REDUCED INTEREST RATE. END SUMMARY

1. DURING AMBASSADOR MOYNIHAN' S FCO CONSULTATIONS

MAY 15 REPORTED SEPARATELY, TALK TURNED TO SAD STATE OF CURRENT AID TO INDIA AND POLICY FOR JUNE MEETING OF CONSORTIUM IN PARIS. BRITISH OFFICIALS (UNDER-SECRETARIES NORRIS AND WILFORD, AND DEPT HEAD SUTHERLAND) POINTED TO FACT THAT AID TO INDIA FROM MOST GIVERS HAS BECOME NEGATIVE. MOST RECENT CONSORTIUM
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ACTIVITY HAS INVOLVED SHIFTING AID BURDEN FROM ONE GIVER TO ANOTHER, WITH DECREASING AID FROM ALL TOGETHER. AGREEMENT TO RESCHEDULE FOR COMING YEAR WILL NOT HOLD PROBLEM FOR VERY LONG. IN THESE CIRCUMSTANCES, BRITISH BELIEVE SOME NEW INITIATIVE NECESSARY TO REDUCE INDIA' S BURDEN. RECENT THOUGHTS HAVE BEEN DEVOTED TO POSSI-BILITY OF MAKING NEW EFFORTS WITH EUROPEANS, AND EVEN MORE WITH JAPANESE. SPECIFICALLY, BRITISH HAVE FOCUSED ON PERSUADING JAPANESE TO REDUCE INTEREST RATES. THEY WONDER WHETHER USG MIGHT BE INTERESTED IN EXCHANGING IDEAS ON THIS SCORE. AMBASSADOR MOYNIHAN UNDERTOOK TO FIND OUT.

2. BRITISH AGREE THAT INDIANS, IN THEIR USUAL PROUD, CONTRADICTORY FASHION, ARE TRYING TO DISGUISE THEIR CONTINUING ECONOMIC NEED. THEY HAVE IN FACT REFUSED RECENT SUGGESTION OF SOME TOKEN FOOD ASSISTANCE FROM HMG, SAYING THEY DO NOT WISH TO DISRUPT REGULAR BRITISH AID PROGRAM. NEVERTHELESS, BRITISH FEEL EFFORT IS NECESSARY ON INDIA' S BEHALF WITH JAPANESE AND OTHER GIVERS. THEY APPRECIATE AMBASSADOR MOYNIHAN' S WILLINGNESS TO ASK WASHINGTON IF US- UK DISCUSSIONS MIGHT NOT BE WELCOME IN WASHINGTON, PERHAPS ALSO IN-VOLVING THE WORLD BANK AND THE CANADIANS (WHO ARE PARTICULARLY FORTHCOMING ON AID TO INDIA). THEY WOULD IN ANY CASE LIKE TO HAVE ADVANCE INDICATION IF USG DIS-POSED TO CONSIDER FURTHER RESCHEDULING OF INDIAN DEBT AT JUNE MEETING. BRITISH EXPECT TO BE TALKING TO EUROPEANS ALONG THAT LINE, AND IT WOULD BE HELPFUL TO HAVE SOME IDEA HOW USG FEELS ON QUESTION.

3. ACTION REQUESTED: AMBASSADOR MOYNIHAN WOULD APPRECIATE A REPLY TO PASS TO BRITISH EITHER IN LONDON THIS WEEK IF IT IS IMMEDIATELY AVAILABLE OR IN NEW DELHI NEXT WEEK.

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*** Current Handling Restrictions *** n/a
*** Current Classification *** CONFIDENTIAL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 18 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: willialc
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LONDON05829
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors: n/a
Film Number: n/a
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730547/aaaajjtv.tel
Line Count: 100
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: willialc
Review Comment: n/a
Review Content Flags:
Review Date: 06 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06-Aug-2001 by boyleja>; APPROVED <09-Oct-2001 by willialc>
Review Markings:

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US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 980219
Subject: POLICY FOR INDIA AID CONSORTIUM MEETING IN JUNE
TAGS: EAID, IN, UK, US
To: DACCA
EUR
ISLAMABAD
NEW DELHI
PARIS
SECSTATE WASHDC
Type: TE

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